



Cairns Compact Development Partner
Annual Report
2010

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I. COOK ISLANDS QUALITATIVE ASSESSMENT FOR 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

Cook Islands is not a member of the World Bank or the International Monetary Fund, hence, ADB along with key bilateral partners, has a unique role as the Cook Islands principal development partner. ADB participates in sector coordination forums particularly in infrastructure and coordinates with development partners as standard practice in missions and analytical work which has improved coordination.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

The Government of the Cook Islands' policy on external assistance mobilization focuses on improving donor harmonization, ownership and concrete impact of development policies, participation through open processes and alignment with the Te Kaveinga Nui – the National Sustainable Development Plan 2007-2010 (NSDP). At the country level, the Country Partnership Strategy (CPS) 2008-2012 is the primary planning document guiding ADB's assistance to the Cook Islands. The CPS identifies the agreed priority areas/sectors where ADB will assist Cook Islands to fulfil its objectives identified in the NSDP. 3-year rolling Country Operations Business Plan (COBP) are prepared on an annual basis to capture any changes to the pipeline of assistance in the CPS due to change in circumstances.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Ongoing loan funded assistance are recorded in the Government's budget. Technical assistance is received by government in kind.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The agreed CPS between the Government of the Cook Islands and ADB identifies an indicative pipeline of activities within a five year period. This is further supported by a rolling 3 year COBPs.

The agreed CPS between the Government of the Cook Islands and ADB identifies an indicative pipeline of activities within a five year period. All ADB technical cooperation in the Cook Islands is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with the Government of the Cook Islands and must be formally endorsed by the government before being approved by ADB Management.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP 2007-2010 pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

An Economic Support and Recovery Program (ERSP) inclusive of budget support was prepared in 2009, utilizing Government planning and budget systems. The policy actions are aligned with Government policies and plans, and were prepared in a harmonized manner with development partners. Funds provided under this program were integrated into preparation of the national budget and were channeled completely through country systems with no additional requirements imposed by ADB.

Funds provided by ADB to the Government of the Cook Islands under the Avatiu Port Development Project are directed through country systems (public financial management, audit, procurement) with some additional requirements in the areas of procurement and qualitative monitoring to meet ADB standards.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

This is done in a multistage and broad consultation process during CPS formulation. As part of the process for the preparation of CPS and COBPs, ADB held consultations with the Government of the Cook Islands and other stakeholders. As indicated earlier, priorities identified in these documents are in line with NSDP.

Under the Cook Islands' ERSP, a policy matrix developed by the Government in consultation with ADB and other development partners outlined key policy actions based on government policies and plans.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB through PFTAC supported the development of a medium term budget framework for the Cook Islands. The adoption of an MTBF would allow agencies to seek multi-year commitments which would suit the major infrastructure projects and link budget and planning processes. ADB will continue to take its lead from the priorities identified by the Government through its national strategic planning framework.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All of ADB's technical assistance is developed in consultation with the Government and includes a capacity development component at the national level. The CPS and COBPs set out a pipeline of TA which is aligned with the national planning strategy. ADB has had long involvement in capacity development technical assistance to support improvement in financial, economic and strategic management in the Cook Islands.

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

ADB collaborated closely with the main bilateral partners – NZAid and AusAID during preparation of its country program as well as design of loan and technical assistance projects. ADB also shares the analytical work it produces with bilateral partners which could be used for monitoring and evaluation purposes.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB supports co-financing of its activities. NZAid, which also manages the programs of AusAID under their joint country strategy co-financed the technical assistance to prepare the ADB-funded Infrastructure Development Project. The European Union will coordinate its assistance in the infrastructure sector with ADB's infrastructure project.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) **to measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

All monitoring indicators are agreed with Government. In the case of co-financed activities the indicators are also agreed with relevant development partners.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB consults with Government and development partners when reviewing country programs.

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

II. FIJI QUALITATIVE ASSESSMENT FOR 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

Since December 2006, there has been limited Government led coordination mechanisms and forums. ADB (and several other partners) did not participate in public consultations during the development of the People's charter or the subsequent Roadmap.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

ADB's selective operations in Fiji are guided by its 2007 Fiji Islands Reengagement Approach, as well as its 2009 Interim Operations Strategy (IOS), which was developed in response to a specific Government request for emergency support following severe flooding in 2009. Priority activities including short-term economic recovery and poverty reduction were determined after consultation with government, affected persons and other development partners. The IOS is in line with the Government's Sustainable Economic and Empowerment Development Strategy 2008-2010.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Ongoing loan funded assistance to Fiji Islands is recorded in the national budget as a matter of course. Technical assistance is received by government in kind and is not accounted for in the budget as per Government Financial Statistics.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The Country Strategy and Program, (now expired) set out a 3 year pipeline of activities for funding.

At the regional level, ADB prepares regional operations business plans (ROBP). The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP 2007-2010 pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

Loan funds are directed through country systems (public financial management, audit, procurement) with some additional requirements in the areas of procurement and qualitative monitoring to meet ADB standards.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

This would normally be done in a multistage and broad consultation process during Country Partnership Strategy (CPS) formulation. However Fiji Islands has no current CPS and there has been no program design activities carried out in Fiji Islands since the end of 2006.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

This would normally be done in a multistage and broad consultation process during CPS formulation. However Fiji Islands has no current CPS and there has been no program design activities carried out in Fiji Islands since the end of 2006.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

This would normally be done in a multistage and broad consultation process during CPS formulation and in alignment with the national plan. However Fiji Islands has no current CPS and there has been no TA design activities carried out in Fiji Islands since the end of 2006.

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

Fiji Islands has no current CPS and there has been no program design activities carried out in Fiji Islands since the end of 2006. Updates of specific project implementation are available through the ADB website.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB supports cofinancing of its activities. However no activities ongoing in Fiji Islands are cofinanced.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) to **measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

The Government and ADB have agreed on indicators that are used to measure project results.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

Since December 2006, (review of partnership agreements, high-level dialogues and public expenditure reviews) such activities have not occurred.

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

III. FEDERATED STATES OF MICRONESIA QUALITATIVE ASSESSMENT FOR 2009

I. Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB has been requesting the Government of the Federated States of Micronesia (FSM) to take a stronger lead in coordinating donor support to the country. ADB has also requested other donors, most notably the USA, to assist the Government in leading donor coordination efforts. No government ministry has the overall mandate for coordinating development assistance.

2. How, and on what basis, does the development partner determine **priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the Country level, the Country Operations Business Plan (COBP) 2007-2009 was the primary planning document guiding ADB's assistance to FSM. The COBP identified the agreed priority areas/sectors where ADB would assist FSM to fulfil its objectives identified in the Strategic Development Plan 2004-2023: Achieving Economic Growth and Self-Reliance (SDP). These are (i) good governance, with a particular focus on economic management and accountability; (ii) ensuring inclusive social development; and (iii) promoting sustained private sector-led economic growth.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Ongoing loan funded assistance to FSM is recorded in the national budget as a matter of course. Technical assistance is received by government in kind and is not accounted for in the budget as per Government Financial Statistics.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The agreed COBP between the Government of FSM and ADB identified an indicative pipeline of activities within a three year period.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. FSM is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP). The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

Loan funds are directed through country systems with additional requirements in the areas of financial management, audit, procurement and qualitative monitoring to meet ADB standards.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

The government of FSM, development partners and relevant stakeholders in FSM participated in the development of the COBP 2007-2009.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

There is a locally-owned program-based approach PBA in the education sector in FSM. ADB has proposed to introduce PBAs to other sectors such as health.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All ADB capacity development support results from requests by relevant Government agencies, as evidenced by memoranda of understanding jointly signed by the requesting line ministry, the Ministry of Finance and ADB. ADB and FSM developed a Capacity Development Roadmap. Work on this was completed in 2008. ADB activities are cognizant of the findings and recommendations of this roadmap.

II. Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

Where other development partners are working in the same sector, ADB seeks joint missions where relevant, shares reporting and monitoring information with other development partners.

For example, ADB participates in IMF Article IV missions to FSM. Regular consultations with country representatives of development partners occurred during country consultation missions. Also ADB held consultation meeting with USDOJ in 2009 covering issues of shared interest in the Northern Pacific including FSM.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB supports co-financing of its activities. ADB is involved in ongoing discussions with relevant development partners on where co-financing can be used to fund its activities in FSM. ADB also uses parallel funding in FSM to leverage US infrastructure maintenance grants and capacity building grants through the State Governments.

III. Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) to **measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

In 2008, 2009 and 2010 ADB has assisted the Government develop Health and Education sector performance indicators for Compact Fund reporting to the US and continue to work on Budget performance indicators.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

In 2009 there were no reviews of performance undertaken by the government of FSM to which ADB were invited.

Overall issues (optional)

13. Identify any other issues, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

ADB, the Government of FSM and the US Government have agreed on further coordination for to begin in 2010.

IV. KIRIBATI QUALITATIVE ASSESSMENT FOR 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB participates in donor roundtable meetings organized by the government of Kiribati. During country missions, ADB consults key development partners including NZAID and AusAID. These consultations have helped improve coordination between the Government of Kiribati and these development partners.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the Country level, the Country Partnership Agreement (CPS) is the primary planning document guiding ADB's assistance to Kiribati. The CPS identifies the agreed priority areas/sectors where ADB will assist Kiribati to fulfil its objectives identified in Kiribati Development Plan (KDP).

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Strengthening Public Financial Management is one of the agreed priorities that ADB is supporting in Kiribati. ADB's current technical assistance (TA) on Economic Management and Public Sector Reform aims to build capacity on financial management and put in place a medium term budget framework (MTBF) as Kiribati does not currently have one in place. This MTBF will allow the Government of Kiribati to better plan the allocation of its resources and ensure that all revenues are all accounted for in the MTBF.

Technical assistance is received by government in kind and is not accounted for in the budget as per Government Financial Statistics.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The agreed CPS between the Government of Kiribati and ADB identifies an indicative pipeline of activities within a five year period. All ADB technical cooperation in Kiribati is programmed

ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with the Government of Kiribati and must be formally endorsed by the government before being approved by ADB Management.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. Kiribati is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP 2007-2010 pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

ADB is not currently processing any loan or grant projects in Kiribati, and therefore has not considered the use of country systems. Technical assistance provided by ADB is in-kind and is not channelled through country systems.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

As part of the process for the preparation of CPS and COBP, ADB held widespread consultations with the Government of Kiribati and other stakeholders. As indicated earlier, priorities identified in these documents are in line with the KDP

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB has worked very closely with Kiribati-based donor partners to ensure that reporting and budgeting are harmonised

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All of ADB's technical assistance is developed in consultation with Government with the aim to build capacity at the national level. The Country Partnership Strategy (CPS) and COBP set out a pipeline of technical assistance which is aligned with the KDP. TA7166: Economic Management and Public Sector Reform has provided support for strengthened government capacity in this area.

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

ADB works closely with Government and other development partners in program design. For example ADB's TA project, TA7166: Economic Management and Public Sector Reform, was designed in close consultation with AusAID in order to ensure that public sector reform activities supported by each organization were complementary and harmonized as closely as possible to avoid duplication.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB encourages co-financing of its activities. ADB and Australia are jointly financing the Pacific Regional Audit Initiative, (a Pacific Plan Initiative) which is being coordinated through the Pacific Islands Forum Secretariat. Kiribati has benefited from assistance delivered through sub-regional activities under this initiative.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) to **measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

ADB uses Indicators that have been agreed to with the Government of Kiribati to measure results.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB attends regular donor roundtable meetings and liaises with various development partners when reviewing country programs

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

V. MARSHALL ISLANDS QUALITATIVE ASSESSMENT 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB has been requesting the Government of the Marshall Islands to take a stronger lead in coordinating donor support to the country. ADB has also requested other donors, most notably the USA, to assist the Government in leading donor coordination efforts. The donor coordination meeting has been proposed to take place in 2010 and all major donors are expected to meet in mid-2010 to discuss how to optimize donor support and avoid duplication.

No government ministry has the overall mandate for coordinating development assistance. ADB's focal point ministry is the Ministry of Finance whereas other bilateral donors normally work with the Foreign Affairs. It seems that the two ministries (and also other ministries) do not have a solid coordination mechanism and therefore development partners tend to rely on their own mechanisms to ensure coordination (without Government lead).

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (which is aligned with the Pacific Plan) that included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the country level, the Country Operations Business Plan (COBP) is the primary planning instrument guiding ADB's operations in the Marshall Islands. The COBP identifies the agreed priority areas where ADB can provide support for the implementation of the country's national development plan, the Strategic Development Plan Framework 2003-2018 (Vision 2018). Vision 2018 is not entirely in line with the COBP as the document is 9 years old and therefore does not reflect the current priorities set by the new President and his cabinet. The USA (in support of other donors including ADB) has proposed that the RMI government consider updating its national development strategy to better reflect national development priorities.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

ADB has not processed loans or grants (other than technical assistance) to the Marshall Islands for 8 years as such ADB has not considered the use of FIC systems. Technical

assistance is received by government in kind and is not accounted for in the budget as per Government Financial Statistics.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

All ADB technical cooperation is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with the Government of the Marshall Islands and must be formally endorsed by Ministry of Finance before being approved by ADB Management.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. The Marshall Islands is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

All current ADB projects are technical assistance (TA) which is in-kind and not channelled through country systems. RMI's capacity is limited in public financial management systems, procurement and monitoring and evaluation. The Procurement Act was enacted in 1997 but compliance and understanding of the law are the major issues. Internal processes remain time consuming and inefficient, with multiple decision layers and approval required for basic procurement and other processes. Very little re-engineering of internal processes is taking place across the public service. ADB has not taken action in this area since there is no major procurement involved with the current ADB-funded technical assistance program.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

This is done in a multistage and broad consultation process the preparation Country Operations Business Plans. As part of COBP preparation, ADB held consultations with the Government of Marshall Islands and other stakeholders. As indicated earlier, priorities identified in these documents are in line Vision 2018, the country's national development plan. The COBP is discussed, amended, and endorsed by RMI who take into consideration country programs and other development partner support. Despite the fact that RMI has not updated its national development strategy document for sometime, ADB is very familiar with it priority sectors in RMI, including the work of other development partners.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

There is a locally-owned program-based approach PBA in the education sector in RMI. This was as a result of ADB's support in 2007. ADB has proposed to introduce PBAs to other sectors including health. The USA which is the major donor in this sector is planning to discuss this issue with the RMI Government and ADB is willing to provide any supports needed.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All of ADB's technical assistance is developed in consultation with Government with the aim of building capacity at the national level. The COBP sets out a pipeline of TA which is aligned with Vision 2018. The USA and ADB discussed issues related to capacity development in 2009. Both agencies agree to jointly assess the capacity development gaps. Both development partners will then seek a strategy to communicate clear objectives for capacity development through RMI's National Training Council (NTC).

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

ADB's country programming is closely harmonized with other development partner (DP) country programs. Harmonization is very effective in ADB's priority sectors of macro economic management, energy, and private sector development (PSD). ADB's harmonization efforts link with 5 other key DPs: USA, Japan, Taipei,China, UN, and the World Bank.

In response to the going economic hardship in the country, the Ministry of Finance has formed two taskforce team, namely Consolidated Adjustment Program (CAP) and Tax Reform and Modernization (TRAM). Both taskforces have been jointly supported by donors including, USA, Japan, Taipei,China, Australia, ADB, IMF, and the World Bank.

In 2008, ADB provided assistance to RMI in response to the emergency appeal on energy sector. Two consultants were deployed to the country with ADB's sponsorship while Australia also sent a technical expert who worked very closely with ADB's consultants. After the completion of ADB-funded project, European Union hired the same consultants who have completed the Marshall Islands Energy Strategy Document in 2009.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB supports co-financing of its activities. There has been less progress on coordination of donor missions. There aren't many missions organized by many other donors other than ADB. However, ADB participates in IMF Article IV missions to the Marshall Islands, which

allows for joint development partner discussions with the Government of the Marshall Islands. The USA, Japan, and Taipei,China have strong field presence in the Marshall Islands and ADB regularly contacts and coordinates with them when needed.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) **to measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

All monitoring indicators are agreed with Government.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

No mutual assessment of progress established. It is being proposed for the new COBP document and proposed donor coordination meeting in 2010.

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None.

VI. NAURU QUALITATIVE ASSESSMENT FOR 2009

I. Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

Every two years Nauru hosts a Donor Roundtable which ADB has participated in. Following the 2009 donor round table the Government has prepared a comprehensive donor coordination matrix which allows donors and Government to better coordinate assistance.

2. How, and on what basis, does the development partner determine **priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

As its previous country operations strategy is now somewhat dated, ADB's operations in Nauru are focused on supporting the implementation of the Nauru National Sustainable Development Strategy, 2005 – 2025: Partnerships for Quality of Life (NSDS), which promotes the attainment of its goal of poverty reduction. ADB's support for the NSDS rests on two main pillars—infrastructure and public sector management improvement. This interim approach is consistent with the findings of ADB's midterm review of the Pacific strategy for 2005–2009 and its long-term strategic framework 2008–2020 (Strategy 2020). The NSDS, which was prepared with ADB's assistance, sets out medium- and long-term goals and strategies for economic and public sector reform.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

ADB regularly provides planning documents and reports for technical assistance (TA) to the Aid Coordination Unit. All of ADB's activities in Nauru since re-engagement have been TAs which have not been recorded in the national budget apart from in discussions of economic reform.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

As ADB has only recently re-engaged with Nauru it has yet to produce a current Country Operations Business Plan (COBP). The Government is kept informed of planned activities

through regular discussions between the country desk and the Government as well as participation in forums such as the Donor Round Table and joint missions.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. Nauru is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

All current ADB projects are technical assistance (TA) which use ADB financial management systems, procurement, and monitoring and evaluation. National planning systems are used through close alignment of ADB projects with the NSDS.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

ADB's operations in Nauru are focused on supporting the implementation of the NSDS, which promotes the attainment of its goal of poverty reduction. The NSDS was prepared with wide stakeholder consultation.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB's activities have been limited to small technical assistance projects since re-engagement. There has been no scope for program-based approaches.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All ADB capacity development support results from requests by relevant Government agencies, as evidenced by memoranda of understanding jointly signed by the requesting line ministry, the Ministry of Finance and ADB.

II. Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

The NSDS, which guides ADB operations in Nauru was developed with extensive donor consultation. Progress against the NSDS is assessed, with donor participation, at Donor Round Table Meetings. ADB's activities in Nauru are closely coordinated with the main donor in the country, Australia, through the Pacific Liaison and coordination Office's regular liaison.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

The Pacific Infrastructure Advisory Centre under the Pacific Regional Infrastructure Fund, a joint initiative of Australia, New Zealand, World Bank Group and ADB, carried out a joint Mission with ADB to Nauru in 2009 and is exploring options for co-financing TA projects in Nauru. ADB and Australia are jointly financing the Pacific Regional Audit Initiative which is being coordinated through the Pacific Islands Forum Secretariat.

III. Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) to **measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

Results are measured against milestones in the NSDS but the current version of the NSDS lacks a complete design and monitoring framework. Staff from the Ministry of Finance participate in regular tripartite review meetings for ADB TAs.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB has received a request from the Nauru Government to carry out a Public Expenditure Framework Assessment.

Overall issues (optional)

13. Identify any other issues, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

VII. PALAU QUALITATIVE ASSESSMENT 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB has been requesting the Government of Palau to take a stronger lead in coordinating donor support to the country. ADB has also requested other donors, most notably the USA, to assist the Government in leading donor coordination efforts. Currently, no government ministry has the overall mandate for coordinating development assistance to Palau. However, in 2010 the government will establish an aid coordination unit.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the country level, priority sectors for the government of Palau are defined in the country's medium-term development strategy to which the ADB has aligned its country partnership strategy.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

The government of Palau does not report in-kind support from any donor in its national budget and therefore the ADB cannot ensure its grant assistance is recorded. To date there has been no borrowing by the government Palau and therefore this is not recorded in the national budget.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The agreed CPS between the Government of Palau and ADB identifies an indicative pipeline of activities within a five year period. As long as the government meets the preconditions for this support it has predictability in multiyear funding commitments. All ADB technical cooperation in Palau is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with the Government of Palau and must be formally endorsed by the government before being approved by ADB Management.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. Palau is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP 2007-2010 pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

As of 2008 Palau had not yet taken a loan from the ADB and as such ADB had not considered the use of FIC systems. The first technical assistance only began in 2007. This assistance provided recommendations on national planning and strategies which ADB would consider incorporating in its own country programming and reporting approaches once the work was completed.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

The government of Palau, development partners and relevant stakeholders in Palau participate in the development of the Country Partnership Strategy leading up to its approval in 2009 and will be involved in the development of the Country Operations Business Plan 2010. They participate both in meetings and as members of the team. Government focal points are team members in the design of projects. Stakeholder consultation and participation is required in all design activities. This includes other development partners where they are providing assistance in the same sector.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

In 2009 there were no ADB activities using program-based approaches.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

The government of Palau articulates its capacity development objectives through the medium-term development strategy and ADB technical assistance is aligned to the strategy.

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

Where other development partners are working in the same sector, for example PFTAC in public financial management, ADB seeks joint missions where relevant, shares reporting and monitoring information with other development partners. For example, ADB participates in IMF Article IV missions to Palau. Regular consultations with country representatives of development partners occurred during country consultation missions.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

In 2009 there were no delegated cooperation activities in Palau.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) to **measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

In 2009 the government Palau did not have any systems to measure results in areas which ADB provided technical assistance.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

In 2009 there were no reviews of performance undertaken by the government of Palau to which ADB were invited.

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

With ADB assistance the government of Palau will put in place a medium-term budget framework which will incorporate performance measures.

VIII. PAPUA NEW GUINEA QUALITATIVE ASSESSMENT FOR 2009

I. Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB is a signatory to the 'PNG Commitment on Aid Effectiveness: A Joint Commitment on Principles and Actions between the Government of Papua New Guinea and Development Partners' (July 2008). ADB participates and contributes to PNG's aid effectiveness mechanisms, including active membership of the GoPNG co-chaired Aid Effectiveness Consultation Group and the Performance Management Sub-Group. These mechanisms have resulted in improved government and donor coordination in support of the achievement of the country's Medium-Term Development Strategy.

2. How, and on what basis, does the development partner determine **priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the country level, the Country Partnership Strategy is the primary planning instrument guiding ADB's operations in a developing member country. The CPS identifies the agreed priority areas where ADB can provide support in a most responsive, relevant, and result-oriented manner in achieving the country's development strategy and poverty reduction goals, in consultation with the government, development partners, and other stakeholders. The PNG Country Strategy and Program 2006-2010 supports the delivery of the country's Medium Term Development Strategy 2005-2010 in the areas of public financial management, transport, private sector development and health (HIV/AIDS). The CSP is well aligned to the MTDS and sector priorities, with 90% of ADB assistance under the CSP being used to support MTDS priorities.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Most expenditure funded by ADB is processed through the Development Budget. ADB and other development partners are required to regularly file updates to the PNG Development Assistance Database (DAD) manager.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

All ADB technical cooperation is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with GoPNG and must be formally endorsed by DNPM before being approved by ADB Management. To make public all conditions linked to disbursements, and to provide full and timely information on annual commitments and actual disbursements, all loan conditions and covenants, including for disbursements are available on www.adb.org after loan approval. All ADB-funded project executing/implementing agencies provide annual forward estimates of contract awards and disbursements, and these are inputted to the national budget, which is a public document.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. PNG is advised in advance of its ADF allocation for a two-year period.

In addition, at GoPNG's request, ADB uses where it can the Multi-Tranche Finance Facility (MFF), which provides a (non-binding) medium-to-long-term commitment to finance a sector development investment program typically for up to 10 years. Examples include ADB assistance to PNG under the Highlands Road Improvement Investment Program and the PNG Civil Aviation Investment Program.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

ADB lending operations use all GoPNG financial and procurement systems, which are usually backed up by project consultants or project staff because day-to-day implementing agency systems are usually over-stretched. For M&E, GoPNG capacity is very limited and needs to be supplemented by project resources. ADB TA mostly uses ADB financial management systems, procurement, and monitoring and evaluation.

ADB also participates in the MTDS-led initiative to develop harmonized results-based management (RBM) as part of the PNG Commitment on Aid Effectiveness agenda. ADB's CSP and CSP Mid-term Review Report contain Results Frameworks based on Country Level Outcomes derived from the GoPNG MTDS 2005-2010.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

Each ADB CPS and COBP is discussed, amended, and endorsed by the Department of National Planning and Monitoring who take into consideration country programs and other development partner support. ADB is very familiar with priority sectors in PNG, including the

work of other development partners. ADB discusses each new draft COBP with relevant development partners before taking it to Government.

ADB aligns its programs to support the objectives of the MTDS and other national sectoral plans, which have been developed by the GoPNG on the basis of substantial stakeholder consultation and input. For example the Highlands Road Improvement Investment Program fully supports the implementation of the National Transport Development Plan 2006-2010, which provides the policy framework and investment plan for road sector development in PNG to achieve the objectives of the MTDS. Similarly, the PNG Civil Aviation Investment Program supports the implementation of the PNG Civil Aviation Authority's long-term strategic investment plan.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB participates in the sector-wide approach to health in PNG which is supported by a seven key development partners, which initially stemmed from the ADB-supported Health Sector Development Program. Progress is being made in establishing a full SWAP based on the existence of a single, accountable government-managed mechanism to hold and disburse pooled donor funds in the health sector.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All ADB capacity development support results from requests by relevant Government agencies, as evidenced by memoranda of understanding jointly signed by the requesting line ministry, the Department of National Planning and Monitoring and ADB. Most CD support is piggy-backed to investment projects, for instance ADB TA 7214-PNG: National Transport Development Plan

II. Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

ADB, AusAID and the World Bank have developed a cooperation agenda for PNG. ADB actively cooperates with AusAID in the transport sector and public financial management. ADB and AusAID have also developed joint design, monitoring and evaluation mechanisms with AusAID in the areas of health, microfinance and private sector development. ADB also cooperates closely with the World Bank and EU in the area of public financial management. ADB also actively participates in IMF Article IV missions in PNG. ADB has also developed joint design, monitoring and evaluation mechanisms with NZAID and the UN for health sector activities.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB participates in the sector-wide approach to health in PNG which is supported by a seven key development partners, which initially stemmed from the ADB-supported Health Sector Development Program. Progress is being made in establishing a full SWAP based on the existence of a single, accountable government-managed mechanism to hold and disburse pooled donor funds in the health sector.

ADB and Australia are jointly financing the Pacific Regional Audit Initiative which is being coordinated through the Pacific Islands Forum Secretariat. Since 2003, ADB, Australia and the World Bank have been undertaking a joint Public Expenditure Review and Rationalization process with the GoPNG. ADB also supports multi-donor efforts to produce joint analytical work such as public expenditure and financial accountability (PEFA) assessments and country procurement assessment reports (CPAR).

III. Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) **to measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

ADB participates in the MTDS-led initiative to develop harmonized results-based management (RBM) as part of the PNG Commitment on Aid Effectiveness agenda. ADB's CSP and CSP Mid-term Review Report contain Results Frameworks based on Country Level Outcomes derived from the GoPNG MTDS 2005-2010

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

Development partners participating in the Health SWAp and supporting PFM undertake mutual assessment of progress, including reporting and evaluations. GoPNG's Department of Treasury regularly reports PERR progress, and development partners and GoPNG undertake Public Expenditure and Financial Accountability (PEFA) assessments for PNG, which ADB participates in. In the transport sector, GoPNG has established the Transport Sector Coordination, Monitoring and Implementation Committee (TSCMIC), with a secretariat provided by AusAID's Transport Sector Support Program (TSSP). ADB participates in the Aid Effectiveness Subcommittee of the TSCMIC, Chaired by the Secretary of the Department of Works (DoW). DoW lacks the staff and resources to lead the transport sector aid effectiveness agenda and the Subcommittee has made little progress.

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

IX. SAMOA QUALITATIVE ASSESSMENT FOR 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

Samoa leads several sector coordination forums (e.g. education and water) in which ADB participates. With the placement of a joint ADB/World Bank liaison officer in Samoa in 2009 ADB has been more able to participate in coordination activities. ADB meets with development partners as standard practice in all missions and this has improved coordination.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the country level, the Country Partnership Strategy is the primary planning instrument guiding ADB's operations in a developing member country. The CPS identifies the agreed priority areas where ADB can provide support in a most responsive, relevant, and result-oriented manner in achieving the country's development strategy and poverty reduction goals, in consultation with the government, development partners, and other stakeholders. The CPS identifies the agreed priority areas/sectors where ADB will assist Samoa to fulfill its objectives identified in the Samoa Development Strategy.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Ongoing loan funded assistance to Samoa is recorded in the national budget as a matter of course. Technical assistance is received by government in kind and is not accounted for in the budget as per Government Financial Statistics.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The agreed CPS between the Government of Samoa and ADB identifies an indicative pipeline of activities within a five year period. All ADB technical cooperation in Samoa is

programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with the Government of Samoa and must be formally endorsed by the government before being approved by ADB Management.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. Samoa is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP). The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP 2007-2010 pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

An Economic Support and Recovery Program (ERSP) inclusive of budget support was under preparation in 2009, utilizing Government planning and budget systems. The policy actions are aligned with Government policies and plans, and were prepared in a harmonized manner with development partners. Funds provided under this program were integrated into preparation of the national budget released in 2009 and are to be channeled completely through country systems with no additional requirements imposed by ADB.

Loan funds are directed through country systems (public financial management, audit, procurement) with some additional requirements in the areas of procurement and qualitative monitoring to meet ADB standards. Samoa has made recent efforts to improve procurement processes.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

This is done in a multistage and broad consultation process during Country Partnership Strategy (CPS) formulation. As part of the process for the preparation of CPS and COBP, ADB held consultations with the Government of Samoa and other stakeholders. As indicated earlier, priorities identified in these documents are in line with Samoa Development Strategy.

Under the ERSP, a policy matrix developed by the Government in consultation with ADB and other development partners outlined key policy actions based on government policies and plans.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB's Education Sector Project II is an example of a harmonized program-based approach which is locally owned and led. .

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All of ADB's technical assistance is developed in consultation with Government with the aim to build capacity at the national level. The Country Partnership Strategy (CPS) and COBP sets out a pipeline of TA which is aligned with the Samoa Development Strategy. TA in national planning and public financial management has provided support to the implementation of Samoa's Public Financial Management Reform Plan.

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

Other development partners are invited to join ADB programming and fact-finding missions. Where activities are co-financed there is an agreed set of performance indicators which are monitored. ADB programming and project documents are publicly available through ADB's website. ADB also participates in IMF Article IV mission to Samoa.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB supports co-financing of its activities. In Samoa the Education Sector Project II (NZAID and AusAID) and the Power Sector Expansion project (JBIC and AusAID) are both co-financed.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) **to measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

All monitoring indicators are agreed with Government. In the case of co-financed activities the indicators are also agreed with relevant development partners.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB consults with Government and development partners when reviewing country programs.

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

X. SOLOMON ISLANDS QUALITATIVE ASSESSMENT FOR 2009

I. Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB is a member together with EU, WB, Aus AID and NZAID of the Solomon Islands Government (SIG)-chaired Core Economic Working Group (CEWG) which coordinates the Government and development partner response to the Global Financial Crisis. ADB also participates in bi-annual high-level Government/Donor Roundtables, the last example of which was held in July 2008, as well as monthly donor coordination meetings. These mechanisms have resulted in improved government and donor coordination. The CEWG for example developed a common joint government/ development partner matrix to underpin the budget support programs of the development partners in Solomon Islands and has been described by AusAID representatives as a best practice example of donor coordination. In November 2008, ADB established a Coordination Office in Honiara to strengthen coordination in the Solomon Islands.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the country level, the Country Partnership Strategy is the primary planning instrument guiding ADB's operations in a developing member country. The CPS identifies the agreed priority areas where ADB can provide support in a most responsive, relevant, and result-oriented manner in achieving the country's development strategy and poverty reduction goals, in consultation with the government, development partners, and other stakeholders. The Solomon Islands Interim Country Partnership Strategy (ICPS) 2010-2011 supports the delivery of the country's Medium Term Development Strategy (MTDS) 2008-2010 in the areas of transport infrastructure and private sector development. ADB's infrastructure work in Solomon Islands follows the National Transport Plan which was developed with ADB assistance.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

ADB and other development partners regularly file updates on planned and actual disbursements to the Ministry of Development Planning and Aid Coordination. These amounts are included in the development budget as non-appropriated expenditures. The amounts reported by ADB and the Government may differ slightly because of exchange rates. Technical assistance is received by government in kind and is not accounted for in the budget as per Government Financial Statistics.

4. Has the development partner implemented actions to improve the **predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

All ADB technical cooperation is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with Solomon Islands and must be formally endorsed by Ministry of Finance and Treasury before being approved by ADB Management. To make public all conditions linked to disbursements, and to provide full and timely information on annual commitments and actual disbursements, all project conditions and covenants, including for disbursements are available on www.adb.org after loan approval.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. Solomon Islands is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

An Economic Support and Recovery Program (ERSP) inclusive of budget support was under preparation in 2009, utilizing Government planning and budget systems. The policy actions are aligned with Government policies and plans, and were prepared in a harmonized manner with development partners. Funds provided under this program were integrated into preparation of the national budget released in 2009 and are to be channeled completely through country systems with no additional requirements imposed by ADB.

Due to lack of capacity within SIG, ADB technical assistance (TA) and projects mostly use ADB financial management systems, procurement, and monitoring and evaluation (M&E). ADB has undertaken considerable capacity development technical assistance in recent years to facilitate a move towards a sector based approach in transport. A major step forward in this process was the passage in 2009 of the National Transport Fund Act.

The National Transport Fund Act will establish a financing facility to fund the development of the country's transport system. It will support improved shipping services between islands, and may also include the rehabilitation of roads and bridges. It is anticipated that donor

contributions towards infrastructure in the Solomon Islands will increasingly be made through the NTF.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

Each ADB CPS and COBP is discussed, amended, and endorsed by the Ministry of Finance and Treasury who take into consideration country programs and other development partner support. ADB is very familiar with its priority sectors in Solomon Islands, including the work of other development partners. ADB discusses each new draft COBP with relevant development partners before taking it to Government.

ADB aligns its programs to support the objectives of the MTDS and other national sectoral plans, which have been developed by the SIG with stakeholder consultation and input. For example the Solomon Islands Road Improvement Investment Project fully supports the implementation of the National Transport Plan, which provides the policy framework and investment plan for road sector development in Solomon Islands.

Under the ERSP, a policy matrix developed by the Government in consultation with ADB and other development partners outlined key policy actions based on government policies and plans.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB's participation in the Core Economic Work Group has facilitated a common joint government/donor matrix to underpin the budget support programs of different donors. It is intended that the CEWG also develop a joint reporting framework for budget support operations. Progress is also being made in moving towards an infrastructure sector-wide approach (SWAP) based on the existence of a single, accountable government-managed mechanism to hold and disburse pooled donor funds in the infrastructure sector. An important step in this process had been the passage, with ADB assistance, of the National Transport Fund Act in 2009.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All ADB capacity development support results from requests by relevant Government agencies, as evidenced by memoranda of understanding jointly signed by the requesting line ministry, the Ministry of Finance and Treasury and ADB. CD support is often piggy-backed to investment projects, for instance ADB TA 7335-SOL: Transport Sector Development Project.

II. Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

The ICPS was prepared in close coordination with other development partners, specifically the Australian Agency for International Development (AusAID), the European Union, New Zealand's International Aid & Development Agency (NZ Aid) and the World Bank Group. As a lead donor in the transport sector ADB actively cooperates with the EU, AusAID and NZ Aid. ADB's private sector development work in Solomon Islands is co-financed by AusAID who provide regular peer review through an annual reporting process.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB has acted as the lead donor for infrastructure in Solomon Islands and its infrastructure projects have catalysed considerable co-financing from the EU, AusAID and NZ Aid. ADB has convened regular infrastructure workshops involving all major stakeholders.

In the infrastructure sector, progress is being made in moving towards a SWAP based on the existence of a single, accountable government-managed mechanism to hold and disburse pooled donor funds. The passage of the National Transport Fund Act in 2009 is a key step in this process.

ADB and Australia are jointly financing the Pacific Regional Audit Initiative which is being coordinated through the Pacific Islands Forum Secretariat. ADB private sector development work in the Solomon Islands is primarily carried out under the AusAID co-financed Private sector Development Initiatives.

III. Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) to **measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

ADB's ICPS contains a Results Framework based on Country Level Outcomes derived from the Solomon Islands MTDS 2008-2010. At the project level, staff from the Ministry of Infrastructure Development are seconded to the project management units of infrastructure projects to ensure government participation in monitoring and evaluation. ADB infrastructure projects in Solomon Islands attract considerable co-financing and ADB's co-financing partners (EU, AusAID, NZ Aid) actively participate in all review missions for ADB infrastructure projects in Solomon Islands.

12. How does the development partner participate **in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB's participation in the Core Economic Working Group process has facilitated the development of a common joint Government/ donor matrix. This matrix describes a number of policy triggers for the provision of budget support which will be used by ADB, EU, AusAID,

NZAID and World Bank for their budget support programs. Public Financial Management reforms, based largely on a recent joint donor Public Expenditure Framework Assessment, feature prominently in the matrix.

Overall issues (optional)

13. Identify any other issues, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

Solomon Islands is a fragile state and engagement by donor partners needs to reflect internationally adopted principles of good international engagement in fragile states. In particular, through its country strategy, ADB will continue to (i) focus its assistance on a relatively limited number of binding constraints that align ADB's core strengths with local development priorities; (ii) commit to remain engaged, as a lead donor, in these core areas of support for the long term, and seek to continuously enhance ADB's responsiveness within the focus areas; (iii) support state building by helping develop effective institutions, improve the business environment, and promote good governance; (iv) strengthen the cooperation and coordination with other development partners through the recently established ADB development coordination office in Honiara, co-located with the World Bank Group, and promote harmonization through the mobilization of significant cofinancing with other development partners and through working with development partners toward a sector-based approach in transport; and (v) build flexibility into the country strategy, taking into account the fragile political situation, the country's vulnerability to natural disasters, and the looming economic crisis that may require extra efforts to avoid economic meltdown.

XI. TONGA QUALITATIVE ASSESSMENT FOR 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB is a signatory to the Joint Partnership Declaration with the Government of Tonga, AusAID, NZAid and the World Bank signed in 2007. ADB participates in the annual development partners' forum and the quarterly development partners informal teleconference coordinated by the Government. ADB also participates in forums for sectors in which it is involved in Tonga (eg. Energy Roadmap meetings). The forums ensure that the Government and development partners are kept up to date on latest developments in Tonga as well as activities and proposed pipeline of assistances towards such activities. With the placement of a joint ADB/World Bank liaison officer in Tonga in 2009 ADB has been more able to participate in coordination activities.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the Country level, the Country Partnership Strategy (CPS) 2008-2012 is the primary planning document guiding ADB's assistance to Tonga. The CPS identifies the agreed priority areas/sectors where ADB will assist Tonga to fulfil its objectives identified in the Strategic Development Plan 2006/2007 – 2008/2009 (SDP8) and its successor planning document – the National Strategic Planning Framework (NSPF). 3-year rolling Country Operations Business Plan (COBP) are prepared on an annual basis to capture any changes to the pipeline of assistance in the CPS due to change in circumstances.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Ongoing grant funded assistance are recorded in the Government's development budget. Technical assistance is received by government in kind. There have been recent efforts to gather all cash and in kind assistance information.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The agreed CPS between the Government of Tonga and ADB identifies an indicative pipeline of activities within a five year period. All ADB technical cooperation in Tonga is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with the Government of Tonga and must be formally endorsed by the government before being approved by ADB Management.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. Tonga is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP 2007-2010 pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

An Economic Support Program (ERP) inclusive of budget support was prepared in 2009, utilizing Government planning and budget systems. The policy actions are aligned with Government policies and plans, and were prepared in a harmonized manner with development partners. Funds provided under this program were integrated into preparation of the national budget and were channeled completely through country systems with no additional requirements imposed by ADB.

Grant funding provided under Integrated Urban Development Sector Project funds is directed through country systems (public financial management, audit, procurement) with some additional requirements in the areas of procurement and qualitative monitoring to meet ADB standards.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

This is done in a multistage and broad consultation process during CPS formulation. As part of the process for the preparation of CPS and COBPs, ADB held consultations with the Government of Tonga and other stakeholders. As indicated earlier, priorities identified in these documents are in line with SDP8 and the NSPF.

Under Tonga's ESP, a policy matrix developed by the Government in consultation with ADB and other development partners outlined key policy actions based on government policies and plans.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB has been supporting the Government of Tonga in its planning processes starting with SDP8 and now continuing with the new National Strategic Planning Framework. ADB together with AusAID and PFTAC are currently supporting development of corporate plans to implement the NSPF as well as strengthening the budget process through development of a strategic medium term budget framework.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All of ADB's technical assistance (TA) is developed in consultation with the Government and includes a capacity development component at the national level. The CPS and COBPs set out a pipeline of TA which is aligned with the national planning strategy. ADB has had long involvement in capacity development technical assistance to support improvement in financial, economic and strategic management in Tonga.

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

The main development partners – AusAID, NZAid, World Bank and PFTAC collaborate closely with ADB and join programming and fact-finding missions. ADB collaborates closely with the local Japanese Embassy during processing of TAs financed under special Government of Japan funds. ADB programming and project documents are publicly available through ADB's website. ADB also participates in IMF Article IV missions to Tonga.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB supports co-financing of its activities. A number of ADB technical assistance projects are financed by the Government of Japan through its special funds administered by ADB.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) **to measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

All monitoring indicators are agreed with Government. In the case of co-financed activities the indicators are also agreed with relevant development partners.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB consults with Government and development partners when reviewing country programs. ADB is a signatory to the Joint Partnership Declaration with the Government of Tonga, AusAID, NZAid and the World Bank. ADB participates in the IMF Article IV Mission, the PEFA exercise with AusAID and the Country Performance Assessment with the World Bank.

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

XII. TUVALU QUALITATIVE ASSESSMENT FOR 2009

Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

ADB is a signatory to the Tuvalu Development Partners' Agreement which applies the principles of the Paris Declaration for Aid Effectiveness and the Accra Action Agenda to foster more effective development coordination in country. Signatories to the agreement have committed to an ongoing process of effective coordination in the implementation of development assistance for Tuvalu, in line with Tuvalu's National Strategy for Sustainable Development 2005-15 (Te Kakeega II).

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the Country level, the Country Partnership Agreement (CPS) is the primary planning document guiding ADB's assistance to Tuvalu. The CPS identifies the agreed priority areas/sectors where ADB will assist Tuvalu to fulfil its objectives identified in the country's national development plan, Te Kakeega II.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

Strengthening Public Financial Management is one of the agreed priorities that ADB is supporting in Tuvalu. ADB's technical assistance project (TA) on Capacity Building for Public Financial Management aims to improve government fiscal planning and management capacity. Building capacity in this area will assist the Government in putting in place mechanisms to better manage its' limited resources including those from development partners.

Technical assistance is received by government in kind and is not accounted for in the budget as per Government Financial Statistics.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

The agreed CPS between the Government of Tuvalu and ADB identifies an indicative pipeline of activities within a five year period. All ADB technical cooperation in Tuvalu is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with the Government of Tuvalu and must be formally endorsed by the government before being approved by ADB Management.

Under its performance-based allocation process, ADB allocates concessionary ADF funding according to country performance and country needs. Tuvalu is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP), The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP 2007-2010 pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

ADB uses Tuvalu's Auditor General's office to audit project accounts, grant funds are directed through country systems with additional requirements in the areas of financial management, procurement and qualitative monitoring to meet ADB standards.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

As part of the process for the preparation of CPS and COBP, ADB held widespread consultations with the Government of Tuvalu and other stakeholders. As indicated earlier, priorities identified in these documents are in line with Te Kakeega II.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

The joint country strategy (Tuvalu/ADB/AusAID) use joint performance benchmark indicators developed by the three parties to harmonize reporting processes.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All of ADB's technical assistance, such as ADB's recent technical assistance (TA) to Tuvalu – TA7161: Capacity Development for Public Financial Management and TA4902: Capacity

Building for Taxation Reforms in Tuvalu- is developed in consultation with the Government of Tuvalu with the aim of building capacity at the national level.

With ADB's current grant project in Tuvalu, due to limited capacity within the government, ADB has provided TA to assist Tuvalu achieve the conditions of this grant.

Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

ADB/AusAID/Tuvalu has an agreed Joint Country Strategy in place which has identified benchmark indicators to monitor and evaluate performance/progress.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

ADB encourages co-financing of its activities. AusAID has co-financed two ADB TAs in Tuvalu based on an MOU between AusAID and ADB. ADB and Australia are jointly financing the Pacific Regional Audit Initiative, (a Pacific Plan Initiative) which is being coordinated through the Pacific Islands Forum Secretariat. Tuvalu has benefited from assistance delivered through sub-regional activities under this initiative.

Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) to **measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

The Government of, ADB and AusAID have agreed on indicators that will be used to measure results.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB participates in donor roundtable meetings and liaises with various development partners when reviewing country programs

Overall issues (optional)

13. Identify any **other issues**, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

XIII. VANUATU QUALITATIVE ASSESSMENT FOR 2009

I. Support for country ownership and alignment

Please provide examples of how the development partner aligns programs with country or regional priorities and systems and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness.

1. Does the development partner participate in **country-led coordination mechanisms and forums** at a national, sectoral or sub-national level, and if so, how has this improved coordination with governments and between development partners?

Vanuatu has little in the way of formal country-led aid coordination mechanisms and forums although the Aid Coordination Unit does provide some coordination. As part of the Country Partnership Strategy process ADB gathered all Port Vila-based donors for consultations including AusAID, NZAID, IFC, People's Republic of China, the European Commission, France, Japan and the Millennium Challenge Corporation. This was the first such meeting for some time. In order to improve coordination in Vanuatu, through ADB's Vanuatu Country Partnership 2010 – 2014, which was approved in 2009, ADB has agreed to engage a local development coordinator in Port Vila beginning in 2010.

2. How, and on what basis, does the development partner **determine priority sectors** at a country and a regional level?

Strategy 2020, ADB's long-term strategic framework outlines five core specialization areas that best support its agenda, reflect its developing member countries' needs and ADB's comparative strengths and complement efforts made by development partners, these include: (i) infrastructure; (ii) environment, including climate change; (iii) regional cooperation and integration; (iv) financial sector development; and (v) education. In the Pacific, in 2009 ADB operations in PDMCs were also guided by the Pacific Strategy 2004-2009 (aligned to the Pacific Plan), which included the following strategic objectives: private sector development, physical social and economic infrastructure development and good governance.

At the country level, the Country Partnership Strategy (CPS) is the primary planning instrument guiding ADB's operations in a developing member country. The CPS identifies the agreed priority areas where ADB can provide support in a most responsive, relevant, and result-oriented manner in achieving the country's development strategy and poverty reduction goals, in consultation with the government, development partners, and other stakeholders. The Vanuatu Country Partnership Strategy 2010-2014 supports the delivery of the country's Priorities and Action Agenda 2005-2015 and the Planning Long, Acting Short medium term policy matrix (2009-2012) in the areas of private sector development, energy (renewable energy, energy efficiency and conservation), transport and information communications technology (water transport), water supply and other municipal infrastructure and services (urban sector development) together with ongoing work with bilateral and multilateral partners such as Australia and New Zealand. Government showed strong ownership of the CPS, which culminated in its approval by the Vanuatu Council of Ministers.

3. What processes, if any, does the development partner follow to ensure that the aid it provides is **recorded in national budgets**?

ADB and other development partners file information on planned technical assistance (TA) programs and projects to the Aid Coordination Unit. All of ADB's activities in Vanuatu for the past decade have been TAs, which have not been recorded in the national budget as the Government only began to capture donor funding on its own financial management systems in late 2009 / early 2010. Reporting in the national budget is expected to increase, however it is currently at an early stage.

4. Has the development partner implemented actions to **improve the predictability of aid flows**, including through multi-year funding commitments and/or efforts to improve in-year predictability for both bilateral and regional aid?

All ADB assistance is programmed ahead in an annual rolling 3-year Country Operations Business Plan (COBP). Each COBP is negotiated with Vanuatu and must be formally endorsed by Ministry of Finance before being approved by ADB Management. To make public all conditions linked to disbursements, and to provide full and timely information on annual commitments and actual disbursements, all project conditions and covenants, including for disbursements are available on www.adb.org after project approval.

Under its performance-based allocation process, ADB allocates concessionary Asian Development Fund (ADF) funding according to country performance and country needs. Vanuatu is advised in advance of its ADF allocation for a two-year period.

At the regional level, ADB prepares regional operations business plans (ROBP). The ROBP sets out strategic objectives and a pipeline of activities that build on the current ADB Pacific regional portfolio. The ROBP pursues a selective approach to providing longer-term support for regional pilot activities that (i) are aligned with country priorities, (ii) can demonstrate tangible results, and (iii) reflect ADB's areas of comparative advantage. Indicative levels of assistance to support proposed regional activities are included in each ROBP.

5. How does the development partner **use FIC systems** (national planning systems, public financial management systems, procurement and monitoring and evaluation)? If the development partner does not use FIC systems, what are the reasons for not using these systems at present?

All current ADB projects are TA, which use ADB financial management systems, procurement, and monitoring and evaluation (M&E). Project design for forthcoming projects has included assessments of FIC systems to ensure robust implementation.

6. How does the development partner use FIC systems, or involve FIC governments and other stakeholders, in **program design**?

Each ADB CPS and COBP is discussed, amended, and endorsed by the Ministry of Finance who take into consideration country programs and other development partner support. ADB is very familiar with its priority sectors in Vanuatu, including the work of other development partners. ADB discusses each new draft COBP with relevant development partners before taking it to Government. All ADB project/TA specific interventions are discussed and agreed upon with the respective government line agencies. ADB also regularly consults private sector representatives, including through the Chamber of Commerce, and with the representatives of non-governmental organizations.

ADB aligns its programs to support the objectives of the country's Priorities and Action Agenda 2005-2015 and the Planning Long, Acting Short medium term policy matrix (2009-2012), which have been developed by the Government of Vanuatu with stakeholder consultation and input.

7. How does the development partner **support locally-owned program-based approaches**, including through the harmonisation of processes for reporting, budgeting, financial management and procurement.

ADB's activities in Vanuatu have been limited to small technical assistance projects for the past decade. There has been no scope for program-based approaches.

8. How does the development partner **align technical assistance** to the capacity-development objectives of FICs?

All ADB capacity development (CD) support results from requests by relevant Government agencies, as evidenced by memoranda of understanding jointly signed by the requesting line ministry, the Ministry of Finance and ADB. CD support is increasingly piggy-backed to investment projects, for instance a CDTA is programmed alongside the forthcoming Inter-island Shipping Project in Vanuatu.

II. Harmonisation

Please provide examples of how the development partner harmonises programs with other development partners and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

9. How does the development partner **involve other development partners** in program design, monitoring and evaluation?

The CPS was prepared in close coordination with other development partners, specifically the Australian Agency for International Development (AusAID), the European Union, New Zealand's International Aid & Development Agency (NZAID) and the World Bank Group. NZAID is programmed to provide co-financing for the forthcoming Inter-island Shipping Project. AusAID is programmed to provide co-financing of the Urban Development Project through the Pacific Regional Infrastructure Facility (PRIF), a joint initiative of AusAID, NZAID, ADB and the World Bank Group. ADB's private sector development work in Vanuatu is co-financed by AusAID who provide regular peer review through an annual reporting process.

10. How does the development partner use mechanisms such as pooled funding and delegated cooperation to **coordinate technical and financial resources**?

The PRIF is programmed to provide co-financing of the Urban Development project. ADB and Australia are jointly financing the Pacific Regional Audit Initiative which is being coordinated through the Pacific Islands Forum Secretariat. ADB private sector development work in the Vanuatu is primarily carried out under the AusAID co-financed Private Sector Development Initiative (PSDI). PSDI is closely coordinated with IFC work in Vanuatu and the Pacific in general.

III. Managing for results and mutual accountability

Please provide examples of how the development partner supports managing for results and mutual accountability and how this reduces aid fragmentation, eases the burden of aid administration and improves effectiveness?

11. How does the development partner use FIC systems (or regional organisations' systems) **to measure results** or involve FIC governments and other stakeholders in program monitoring and evaluation?

ADB's CPS contains a Results Framework based on Country Level Outcomes derived from the Priorities and Action Agenda 2005-2015 and the Planning Long, Acting Short medium term policy matrix (2009-2012). Staff from the Ministry of Finance participate in regular tripartite review meetings for ADB TAs.

12. How does the development partner **participate in mechanisms for mutual accountability** with FICs (or regional organisations), including the review of partnership agreements, high-level dialogues and public expenditure reviews?

ADB participated in the 2009 PEFA review.

Overall issues (optional)

13. Identify any other issues, describe **lessons learned**, or **elaborate on areas** that the development partner may want to improve or reform in its approach to development coordination and aid effectiveness in the Pacific.

None

ADB DEVELOPMENT ASSISTANCE TO PDMCS IN 2008

Appendix A

*The shaded questions (3, 4, 7, 8) are optional for 2010 but are under consideration for development partner reporting in the future.

		Cook Islands	Fiji	FSM	Kiribati	Marshall Islands	Nauru	Palau	PNG	Samoa	Solomon Islands	Tonga	Tuvalu	Vanuatu
1	Total ODA (US\$ million)	1.96	0.42	4.08	0.88	0.62	0	0.82	25.52	4.84	3.94	1.39	1.17	0.75
	Alignment – use of national systems													
2	Value of ODA disbursed for the government sector (US\$ million)	1.96	0.42	4.08	0.88	0.62	0	0.82	25.52	4.84	3.94	1.39	1.17	0.75
3	Value of ODA disbursed for the government sector that used national financial reporting systems (US\$ million)	0	NR	0	NR	NR	NR	NR	0	0	0	0	0	NR
4	Value of ODA disbursed for the government sector that that used national procurement systems (US\$ million)	0	NR	0	NR	NR	NR	NR	0	0	0	0	0	NR
	Harmonisation – coordinated missions and analysis													
5	Number of missions that were undertaken to country	10	14	17	11	8	2	8	38	20	20	15	6	16
6	Number of missions that were coordinated	2	5	1	0	0	1	0	15	15	6	8	0	0
7	Number of items of analytical work that were prepared for country	7	6	7	7	7	7	7	7	7	7	8	6	8
8	Number of items of analytical work that were coordinated	4	3	3	3	3	3	3	4	4	3	4	3	3

NR= not relevant. In such cases, ADB did not disburse any loan or grant resources to a particular country in 2008. Technical assistance, which is usually received in-kind, is generally not disbursed through country systems.